

ALLIED BANK OF TEXAS

SECURITY AGREEMENT

RECORDATION NO. 8124 Filed & Recorded

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INTERSTATE COMMERCE COMMISSION

J. BRUCE HANCOCK, an individual,
whose address is P. O. Box 110, El Campo,
Texas 77347 (hereinafter called "Debtor"), for value received,
the receipt and sufficiency of which is hereby acknowledged,
hereby grants to Allied Bank of Texas, The Esperson Building,
Houston, Harris County, Texas (hereinafter called "Secured Party"),
the security interest hereinafter set forth and agrees with Secured
Party as follows:

I.

SECURITY INTEREST

Debtor hereby grants to Secured Party a security interest
in and agrees that Secured Party has and shall continue to have a
security interest in the following property, including without
limitation the items described on exhibits attached hereto and
made a part hereof (hereinafter sometimes called "Collateral"),
to-wit: Ten (10) 23,500 gallon nominal capacity rail-
road tank cars (general purpose), type DOT 111A100W3, exterior
coiled, insulated with 100-ton roller bearing trucks, and being
more fully described in Exhibit "A" attached hereto and made a
part hereof for all purposes as though set out herein full, together
with any and all additions, accessions, and attachments thereto
and substitutions therefor, all proceeds (hereinafter defined)
thereof and therefrom, and all monies, income, benefits and pro-
ducts thereof attributable, or accruing thereto. The term "pro-
ceeds" shall have the same meaning as used Chapter Nine of the
Uniform Commercial Code as now or hereafter adopted in the State
of Texas and shall include (without limitation) all accounts,
general intangibles, instruments, documents, monies, insurance,
chattel paper, income, and other property, benefits or rights of
whatever kind or nature arising from, attributable to or accruing
from any and all sales, leases or other dispositions of any or all
of the Collateral.

The security interest granted hereby is to secure the payment of (i) that certain promissory note in the original principal sum of \$ 307,472.00 , together with any and all extensions, rearrangements and renewals thereof, executed by or on behalf of Debtor and payable to the order of Secured Party in the manner as therein provided; and (ii) any and all other indebtedness and liabilities whatsoever of the Debtor to Secured Party whether direct or indirect, absolute or contingent, due or to become due, whether now existing or hereafter arising and howsoever evidenced or acquired, whether joint or several (all of which are hereinafter sometimes called the "obligations"). Debtor acknowledges that the security interest hereby granted shall secure all future advances as well as any and all other obligations and liabilities of Debtor to Secured Party whether now in existence or hereafter arising.

II.

REPRESENTATIONS, WARRANTIES AND COVENANTS OF DEBTOR

(a) Except for the security interest granted hereby, the Debtor is, and as to the Collateral acquired after the date hereof which is included within the security interest specified in Section I hereof, Debtor will be, the owner of all such Collateral free from any and all adverse claims, security interests or encumbrances; and

(b) There is no financing statement or other document constituting notice of a security interest in or lien upon the Collateral now on file in any public office covering any part of the Collateral, and so long as any amount remains unpaid on any Obligations of the Debtor to Secured Party, Debtor will not execute and there will not be on file in any public office any such financing statement or statements or other document constituting notice of a security interest in or lien upon the Collateral except the financing statement and other documents filed or to be filed in respect to the security interest hereby granted; and

(c) Subject to any limitation stated therein or in connection therewith, all information furnished to Secured Party concerning the Collateral and proceeds thereof, or otherwise for the purpose of obtaining credit or an extension

of credit, is, or will be at the time the same is furnished, accurate and correct in all material respects; and

(d) The Collateral will be used by the Debtor primarily for business use.

(e) The Collateral is inventory leased or held for lease by Debtor and is of the type normally used in more than one jurisdiction.

(f) The only place of business of Debtor is at the address designated at the beginning of this Agreement.

III.

COVENANTS AND AGREEMENTS OF DEBTOR

(a) The term "account" as used herein shall have the same meaning as set forth in the Uniform Commercial Code of Texas in effect as of the date of execution hereof, and as set forth in any amendment to the Uniform Commercial Code of Texas to become effective after the date of execution hereof, and shall include all accounts, notes, drafts, acceptances, instruments, documents, general intangibles and chattel paper in which at any time or from time to time Secured Party has or is intended to have a security interest pursuant to Section I hereof. As of the time any account becomes subject to such security interest, Debtor shall be deemed to have warranted as to each and all of such accounts (i) that each account and all papers and documents relating thereto are genuine and in all respects what they purport to be, (ii) that each account is valid and subsisting and arises out of a bona fide sale or lease of goods sold or leased and delivered to, or out of and for services theretofore actually rendered by the Debtor to, the account debtor named in the account, (iii) that the amount of the account represented as owing is the correct amount actually and unconditionally owing except for normal cash discounts and is not subject to any set-offs, credits, deductions or counter-charges, (iv) that the Debtor is the owner thereof free and clear of all liens, encumbrances and security interest of any and every nature whatsoever.

(b) Debtor will furnish Secured Party, as soon as possible, but not in any event within 30 days after the end of each calendar quarter an aging and listing of all accounts receivable for such quarter, together with a listing of the locations of the Collateral and the names and addresses of the lessees of the Collateral, certified by Debtor. Upon receipt, Debtor will furnish copies of the Quarterly Reports (such term being used herein as it is used in a Management Agreement ["Management Agreement"] dated May 19, 1975, between Debtor and Richmond Leasing Company ["Richmond"], a Delaware corporation).

(c) Debtor shall immediately notify Secured Party of any event causing loss or depreciation in value of the Collateral and the amount of such loss or depreciation.

(d) Debtor will promptly notify Secured Party in writing of any addition to, change in or discontinuance of his place of business as shown in this agreement and the location of the office where he keeps his records.

(e) Until default, Debtor may use the inventory in any lawful manner not inconsistent with this agreement or with the terms or conditions of any policy of insurance thereon and may also lease and rent (without option to purchase) that part of the Collateral consisting of inventory provided that all of such leases and rentals are in the ordinary course of business. Debtor may not sell the Collateral, or any part thereof, without the express written consent of Secured Party. Until default, Debtor may also use and consume any raw materials or supplies, the use and consumption of which are necessary in order to carry on Debtor's business.

(f) Debtor agrees to execute and deliver such financing statement or statements and other documents, or amendments thereof or supplements thereto, or other instruments as Secured Party may from time to time require in order to comply with the Uniform Commercial Code as now or hereafter adopted in the State of Texas (or other applicable state law of the jurisdiction where any of the Collateral is located) and the laws of the United States of America and to preserve and protect the security interest hereby granted.

(g) Secured Party may, at its option, whether before or after default, but without obligation to the Debtor, discharge taxes, liens or security interests or other encumbrances at any time levied or placed upon the Collateral, and may place and pay for insurance thereon, or pay for the repair, improvement, maintenance and preservation of the Collateral and pay any filing or recording fees necessary to preserve and protect the Secured Party pursuant to the foregoing authorization, and such amount shall constitute additional obligations of Debtor which shall be secured by and entitled to the benefits of this Security Agreement.

(h) Secured Party shall have the right at any time, in its own name or in the name of Debtor, whether before or after default by Debtor, to notify any and all account debtors, lessees, and parties to any agreement affecting or covering the Collateral to make payment thereof directly to Secured Party and to demand, collect, receive, receipt for, sue for, compound for and give acquittal for, any and all amounts due or to become due on the accounts and to endorse the name of the Debtor on all instruments and commercial paper given in payment or part payment thereof, and in its discretion to file any claim or take any other action or proceeding which Secured Party may deem necessary or appropriate to protect and preserve and realize upon the Security Interest of Secured Party in the Collateral; but to the extent Secured Party does not so elect, Debtor shall continue to collect the accounts. All proceeds of collection of Accounts received by the Debtor shall be forthwith accounted for and transmitted to Secured Party in the form as received by Debtor and shall not be commingled with any funds of the Debtor. All monies, income and benefits due or to become due to Debtor by virtue of leases covered by the Management Agreement shall be transmitted to Secured Party with the Quarterly Reports as such monies, income and benefits become due and payable. Debtor agrees to notify Richmond to transmit all payments due pursuant to paragraph 7 of the Management Agreement or otherwise to Secured Party. All such remittances described above shall be applied and credited by Bank first to the satisfaction of interest on the Obligations; then to the discharge of any expenses or damages for which Secured Party may be entitled to receive reimbursement for under the terms of the Obligations, this agreement, or otherwise; and lastly to the payment

of principal on the earliest maturing of the Obligations; provided, however, that to the extent not so credited or applied, such remittances shall be paid over to the Debtor.

(i) Debtor shall at all reasonable times allow Secured Party by or through any of its officers, agents, attorneys or accountants, to examine or inspect the Collateral wherever located and to examine, inspect and make extracts from Debtor's books and records. Debtor shall do, make, execute and deliver all such additional and further acts, things, deeds, insurances, instruments as Secured Party may require, to more completely vest in and assure to Secured Party its rights hereunder and in or to the Collateral.

(j) Debtor shall have and maintain insurance at all times with respect to all tangible collateral covered hereby insuring against risks of fire (including so-called extended coverage), theft and other risks as Secured Party may reasonably require, containing such terms, in such form and amounts and written by such companies as may be reasonably satisfactory to Secured Party, all of such insurance to contain loss payable clauses in favor of Secured Party as its interest may appear; provided, however, that such insurance shall be maintained at least in the amounts and for the types of coverage set forth in paragraph 8 of the Management Agreement. All policies of insurance shall provide for ten (10) days written minimum cancellation notice to Secured Party and at request of Secured Party shall be delivered to and held by it. Secured Party is hereby authorized to act as attorney for Debtor in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts or instruments. Secured Party shall be authorized to apply the proceeds from any insurance to the Obligations secured hereby whether or not such Obligations are then due and payable.

(k) Debtor will keep and maintain the Collateral in good condition and will make replacements in kind, or by chattels of substantially equal value and service, and all replacements shall be covered by the security interest herein granted to Secured Party, and will endeavor to maintain such Collateral at its present worth, ordinary wear and tear alone excepted. Debtor will not alter, amend, or materially change

the terms and conditions of the Management Agreement without the written consent of Secured Party.

(l) Any and all deposits or other sums now held or hereafter at any time credited by or due from Secured Party to Debtor shall at all times constitute additional security for the Obligations and may be set off against any of the Obligations at any time whether or not such are then due or other security held by Secured Party is considered by Secured Party to be adequate. Any and all instruments, documents, policies and certificates of insurance, securities, goods, accounts, choses in action, chattel paper, general intangibles, cash, property and the proceeds thereof owned by Debtor or in which Debtor has an interest which are at any time in possession or control of Secured Party or in transit by mail or carrier to or from Secured Party or in the possession of a third party acting for Secured Party's benefit, without regard to whether Secured Party receives the same in pledge, for safekeeping, as agent for collection or transmission or otherwise, shall constitute additional security for obligations of Debtor and may be applied at any time toward Obligations which are then due whether by acceleration or otherwise.

(m) If Secured Party should at any time be of the opinion that the Collateral is not sufficient or has declined or may decline in value, or should Secured Party deem payment of Debtor's Obligations to Secured Party to be insecure, then Secured Party may call for additional Collateral satisfactory to Secured Party, and Debtor promises to furnish such additional security forthwith. The call for additional collateral may be oral, by telegram, or United States mail addressed to Debtor and shall not affect any other subsequent right of Secured Party to exercise the same. Debtor agrees that Secured Party shall have no duty or obligation to collect any account or enforce any general intangible, or to take any other action to preserve or protect the Collateral; however, should Secured Party elect to collect or enforce any general intangible or account, Debtor releases Secured Party from any claim or claims for loss of damage arising from any act or omission in connection with such collection or enforcement.

IV.

DEFAULT AND REMEDIES

(a) Debtor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (herein sometimes called an "Event of Default"):

- (i) failure of Debtor to pay when due any interest on or any principal or installment of principal of any of the Obligations of Debtor to Secured Party; (ii) the occurrence of any event which under the terms of any evidence of indebtedness, indenture, loan agreement, security agreement or similar instrument permits the acceleration of maturity of any indebtedness of Debtor to Secured Party, or to others than Secured Party; (iii) any representation of warranty made by Debtor herein or made in any statement or certificate furnished to Secured Party by the Debtor pursuant hereto or in connection with any loan or loans proves incorrect in any material respect as of the date of the making or issuance thereof; (iv) default occurs in the observance or performance by Debtor of any provision of this agreement or of any note, assignment or transfer under or pursuant hereto; (v) the death, dissolution, termination of existence, insolvency or business failure of the Debtor, or the application for the appointment of a receiver of any part of the property of the Debtor, or the commencement by or against the Debtor of any proceeding under any bankruptcy, arrangement, reorganization, insolvency or similar law for the relief of debtors, or by or against any guarantor or surety for the Debtor, or upon the service of any warrant, attachment, levy or similar process in relation to a tax lien or assessment; or (vi) the Collateral becomes, in the judgment of Secured Party, unsatisfactory or insufficient in character or value.

(b) Upon the occurrence of an Event of Default, or if Secured Party deems payment of Debtor's Obligations to Secured Party to be insecure, and at any time thereafter, Secured Party, may, at its option, without notice or demand, to the Debtor, declare all of the Obligations secured hereby immediately due and payable and Secured Party shall thereupon have the rights and remedies of a Secured Party under the Uniform Commercial code as adopted in the State of Texas,

including without limitation, the right to sell, lease or otherwise dispose of any or all of the Collateral and to apply the proceeds thereof toward payment of any costs and expenses and attorney's fees and legal expenses thereby incurred by the Secured Party and toward payment of the Obligations in such order or manner as the Secured Party may elect. Secured Party shall have the right to take immediate possession of the Collateral, with or without process of law, and for that purpose Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will send Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any public sale or other disposition thereof is to be made. The requirement of sending a reasonable notice shall be met if such notice is mailed, postage prepaid, to Debtor at the address designated at the beginning of this Security Agreement at least five days before the time of the sale or disposition. Expenses of retaking, holding, repairing, improving, maintaining, preparing for sale, selling or the like shall include Secured Party's reasonable attorneys' fees and legal expenses, plus interest thereon at a rate per annum at all times equal to the highest contract rate permitted by applicable law of the State of Texas, and shall constitute additional Obligations of Debtor which shall be due on demand and which shall be secured by and entitled to the benefits of this Security Agreement. If the proceeds of any sale or other lawful disposition by Secured Party of the Collateral following its retaking, are insufficient to pay the expenses of retaking, repairing, holding, preparing the Collateral for sale, selling it and the like, to satisfy the Obligations of Debtor to Secured Party, then Debtor agrees to pay any deficiency, but Debtor shall be entitled to any surplus if one results after lawful application of all of such proceeds.

(c) Secured Party may remedy any default and may waive any default without waiving the default remedied or without waiving any other prior or subsequent default.

(d) It is the intention of the parties hereto to comply with the usury laws of the State of Texas; accordingly, it is agreed that notwithstanding any provisions to the contrary in this agreement, or in any of the documents evidencing the Obligations secured hereby or otherwise relating hereto, in no event shall this agreement or such documents require the payment or permit the collection of interest in excess of the maximum amount permitted by such laws. If any such excess of interest is contracted for, charged or received, under this agreement or under the terms of any of the documents evidencing the Obligations secured hereby or otherwise relating hereto, or in the event the maturity of the indebtedness evidenced by the Obligations is accelerated in whole or in part, or in the event that all or part of the principal or interest of the Obligations shall be prepaid, so that under any of such circumstances the amount of interest contracted for, charged or received under this agreement or under any of the instruments evidencing the Obligations secured hereby or otherwise relating hereto, on the amount of principal actually outstanding from time to time under the Obligations shall exceed the maximum amount of interest permitted by the usury laws of the State of Texas, then in any such event (a) the provisions of this paragraph shall govern and control, (b) neither the Debtor nor any other person or entity now or hereafter liable for the payment of the Obligations, shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount of interest permitted by the usury laws of the State of Texas, (c) any such excess which may have been collected shall be either applied as a credit against the then unpaid principal amount hereof or refunded to Debtor, at the holder's option, and (d) the effective rate of interest shall be automatically reduced to the maximum lawful contract rate allowed under the usury laws of the State of Texas as now or hereafter construed by the courts having jurisdiction thereof. It is further agreed that without limitation of the foregoing, all calculations of the rate of interest contracted for, charged or received under this agreement or under such other documents which are made for the purpose of determining whether such rate exceeds the maximum lawful contract rate, shall be made, to the extent permitted by the laws of the State of Texas, by amortizing, prorating, allocating and spreading in equal parts

during the period of the full stated term of the loan or loan evidenced by the Obligations, hereby, all interest at any time contracted for, charged or received from Debtor or otherwise by the Secured Party in connection with such loan or loans.

(e) The remedies of Secured Party hereunder are cumulative, and the exercise of any one or more of the remedies provided herein shall not be construed as a waiver of any of the other remedies of Secured Party.

V.

GENERAL

(a) Any provision hereof found to be invalid under the law of the State of Texas, or any other state having jurisdiction, shall be invalid only with respect to the offending provision. All words used herein shall be construed to be of such gender or number as the circumstances require. If this Security Agreement is executed by more than one Debtor, the obligation of all such Debtors shall be joint and several. This agreement shall be binding upon the heirs, personal representatives, successors, or assigns of the parties hereto, but shall inure to the benefit of successor or assigns of the Secured Party only. The law of the State of Texas shall apply to this agreement and its construction and interpretation.

(b) Any carbon, photographic or other reproduction of any financing statement signed by Debtor is sufficient as a financing statement for all purposes, including, without limitation, filing in any state pursuant to the provisions of the Uniform Commercial Code.

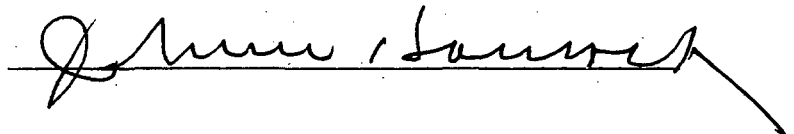
(c) In order to induce Secured Party to advance and loan such funds to and/or for the benefit of Debtor, Debtor hereby covenants and agrees that in the event of default by the Debtor (an event of default shall be any one of those Events of Default stated above) that the Secured Party shall have the absolute and unconditional right, without the prior notice and/or any prior hearing of any kind whatsoever, to

seize and take possession of the Collateral, and furthermore the Debtor does hereby expressly waive any right to any prior notice and/or any prior hearing prior to any right to any prior notice and/or any prior hearing prior to seizure and taking possession of the Collateral and/or property by the Secured Party in the event of default by the Debtor.

(d) Debtor agrees to pay in full all reasonable expenses, including reasonable legal expenses and attorney's fees, of the Secured Party have been or may be incurred by the Secured Party in connection with the preparation of this agreement, the Obligations secured hereby, the collection of any of the Obligations secured hereby, the enforcement of any of Debtor's obligations hereunder and under any document executed in connection with the granting of security for the payment of any of the Obligations secured hereby, and the recording and filing and re-recording and re-filing of any such document.

(e) The security interest hereby granted and all the terms and provisions hereof shall be deemed a continuing security agreement and shall continue in full force and effect, and all the terms and provisions hereof shall remain effective as between the parties, until first to occur of the following: (i) the expiration of four (4) years from the date of payment of Debtor's last obligation to Secured Party; or (ii) repayment by Debtor of all Obligations secured hereby and the giving by Debtor of ten (10) days written notice revocation of the terms and provisions hereof.

SIGNED in multiple original counterparts and delivered on the 20th day of November, 1975.



J. BRUCE HANCOCK,

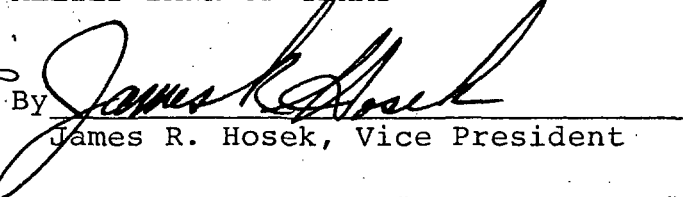
"Debtor"

ATTEST:



Assistant Cashier

ALLIED BANK OF TEXAS



By James R. Hosek, Vice President

"Secured Party"

[illegible]

BEFORE ME, the undersigned authority, on this day personally appeared J. BRUCE HANCOCK, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 20 day
of November, 1975.

Martha Endtricht

Notary Public in and for
Harris County, Texas

[illegible]

BEFORE ME, the undersigned authority, on this day personally appeared James R. Hosek, Vice President, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said ALLIED BANK OF TEXAS, a Texas banking corporation, and that he executed the same as the act of said corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 20
day of November, 1975.

Martha Endtricht

Notary Public in and for
Harris County, Texas

EXHIBIT "A"
to Security Agreement Between
J. Bruce Hancock and
Allied Bank of Texas

The 23,500 gallon nominal capacity tank cars (general purpose) DOT 111A100W3, exterior coiled, and insulated with 100-ton roller bearing trucks described on page 1 of the foregoing Security Agreement are more particularly described as follows:

Owner's Name: J. Bruce Hancock

ACI Carrier Index: 1807

Car Numbers: RTMX 2106, RTMX 2123, RTMX 2124, RTMX 2125,
RTMX 2126, RTMX 2135, RTMX 2151,
RTMX 2153, RTMX 2166 and RTMX 2167